

**BELLWETHER FIXED INCOME FUND**

**FINANCIAL STATEMENTS**

**For the six months ended June 30, 2026**

**(Unaudited)**

**(in Canadian dollars)**

# BELLWETHER FIXED INCOME FUND

## Statement of Financial Position As at June 30, 2026 (Unaudited)

|                                                                            | June 30, 2026         | December 31, 2025     |
|----------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                                              |                       |                       |
| <b>Current assets</b>                                                      |                       |                       |
| Cash and cash equivalents                                                  | \$ 101,283,028        | \$ 91,961,381         |
| Investments owned, at fair value (Cost:\$487,182,132 - 2025:\$465,357,798) | 469,017,144           | 451,942,039           |
| Contributions receivable (Note 13)                                         | 2,753,805             | 311,500               |
| Dividends receivable                                                       | 61,665                | 1,848,612             |
| Interest receivable                                                        | 449,172               | 531,620               |
| Receivable for investments sold                                            | —                     | 75,000                |
|                                                                            | <u>573,564,814</u>    | <u>546,670,152</u>    |
| <b>LIABILITIES</b>                                                         |                       |                       |
| <b>Current liabilities</b>                                                 |                       |                       |
| Accrued expenses                                                           | 112,036               | 113,232               |
| Redemptions payable (Note 13)                                              | <u>918,684</u>        | <u>469,077</u>        |
|                                                                            | <u>1,030,720</u>      | <u>582,309</u>        |
| <b>Net Assets Attributable to Holders of Redeemable Units</b>              | <u>\$ 572,534,094</u> | <u>\$ 546,087,843</u> |
| <br><b>Number of Redeemable Units Outstanding</b>                          | <br>61,439,861        | <br>57,909,982        |
| <br><b>Net Assets Attributable to Holders of Redeemable Units per Unit</b> | <br>\$ 9.32           | <br>\$ 9.43           |

Approved :



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Trustee:

# BELLWETHER FIXED INCOME FUND

## Statement of Comprehensive Income

For the six-months ended June 30, 2026 (Unaudited)

|                                                                                    | 2026                       | 2025                        |
|------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| <b>Income</b>                                                                      |                            |                             |
| Dividends                                                                          | \$ 918,572                 | \$ 872,630                  |
| Change in unrealized (loss) gain on investments and foreign currency               | (4,773,649)                | 4,523,259                   |
| Realized gain on sale of investments and foreign currency                          | 260,906                    | 283,299                     |
| Interest income for distribution purposes                                          | 10,313,535                 | 9,861,583                   |
|                                                                                    | <u>6,719,364</u>           | <u>15,540,771</u>           |
| <b>Expenses</b>                                                                    |                            |                             |
| Operating costs (Note 6)                                                           | 771,827                    | 651,913                     |
| Commissions and other portfolio transaction costs (Note 7)                         | 716                        | 5,737                       |
|                                                                                    | <u>772,543</u>             | <u>657,650</u>              |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Units</b>          | <b>\$ <u>5,946,821</u></b> | <b>\$ <u>14,883,121</u></b> |
| <b>Increase in Net Assets Attributable to Holders of Redeemable Units per Unit</b> | <b>\$ 0.10</b>             | <b>\$ 0.30</b>              |

# BELLWETHER FIXED INCOME FUND

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six-months ended June 30, 2026 (Unaudited)

|               | Net assets<br>attributable to<br>holders of<br>redeemable<br>units, beginning<br>of period | Proceeds from<br>redeemable units<br>issued | Distribution of<br>net investment<br>income to<br>unitholders | Redemption of<br>redeemable units | Reinvestment of<br>distribution | Increase in net<br>assets<br>attributable to<br>holders of<br>redeemable units | Net assets<br>attributable to<br>holders of<br>redeemable<br>units, end of<br>period |
|---------------|--------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| June 30, 2026 | \$ 546,087,843                                                                             | \$ 48,684,243                               | \$ (12,546,509)                                               | \$ (28,080,548)                   | \$ 12,442,244                   | \$ 5,946,821                                                                   | \$ 572,534,094                                                                       |

|               | Net assets<br>attributable to<br>holders of<br>redeemable<br>units, beginning<br>of period | Proceeds from<br>redeemable units<br>issued | Distribution of<br>net investment<br>income to<br>unitholders | Redemption of<br>redeemable units | Reinvestment of<br>distribution | Increase in net<br>assets<br>attributable to<br>holders of<br>redeemable units | Net assets<br>attributable to<br>holders of<br>redeemable<br>units, end of<br>period |
|---------------|--------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| June 30, 2025 | \$ 453,982,456                                                                             | \$ 39,856,475                               | \$ (14,933,024)                                               | \$ (18,309,232)                   | \$ 14,790,490                   | \$ 14,883,121                                                                  | \$ 490,270,286                                                                       |

# BELLWETHER FIXED INCOME FUND

## Statement of Cash Flows

For the six-months ended June 30, 2026 (Unaudited)

|                                                                      | 2026                         | 2025                        |
|----------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>Cash provided by (used in):</b>                                   |                              |                             |
| <b>Operating Activities</b>                                          |                              |                             |
| Increase in Net Assets Attributable to Holders of Redeemable Units   | \$ 5,946,821                 | \$ 14,883,121               |
| Adjustments for non-cash items                                       |                              |                             |
| Commissions and other portfolio transaction costs                    | 716                          | 5,737                       |
| Change in unrealized loss (gain) on investments and foreign currency | 4,773,649                    | (4,523,259)                 |
| Realized gain on sale of investments and foreign currency            | (260,906)                    | (283,299)                   |
| Change in non-cash balances                                          |                              |                             |
| Increase in contributions receivable                                 | (2,442,305)                  | (2,435,085)                 |
| Decrease in dividends receivable                                     | 1,786,947                    | 1,341,960                   |
| Decrease in interest receivable                                      | 82,448                       | 35,337                      |
| Decrease in receivable for investments sold                          | 75,000                       | —                           |
| (Decrease) increase in accrued expenses                              | (1,196)                      | 2,693                       |
| Increase in redemptions payable                                      | 449,607                      | 354,654                     |
| Proceeds from sale of investments                                    | 8,058,624                    | 4,832,049                   |
| Purchase of investments                                              | (29,647,188)                 | (28,841,431)                |
| Cash used in operating activities                                    | <u>(11,177,783)</u>          | <u>(14,627,523)</u>         |
| <b>Financing Activities</b>                                          |                              |                             |
| Proceeds from issuances of redeemable units                          | 48,684,243                   | 39,856,475                  |
| Amount paid on redemption of redeemable units                        | (28,080,548)                 | (18,309,232)                |
| Distributions to unitholders, net of reinvestments                   | (104,265)                    | (142,534)                   |
| Cash provided by financing activities                                | <u>20,499,430</u>            | <u>21,404,709</u>           |
| Increase in cash during the period                                   | 9,321,647                    | 6,777,186                   |
| Cash, beginning of period                                            | <u>91,961,381</u>            | <u>65,079,220</u>           |
| <b>Cash, end of period</b>                                           | <b>\$ <u>101,283,028</u></b> | <b>\$ <u>71,856,406</u></b> |
| <b>Supplemental information*</b>                                     |                              |                             |
| Interest received                                                    | \$ 10,395,983                | \$ 9,896,920                |
| Dividends received, net of withholding taxes                         | 1,242,123                    | 942,170                     |

\*Included as a part of cash flows from operating activities

# BELLWETHER FIXED INCOME FUND

## Schedule of Investment Portfolio

As at June 30, 2026 (Unaudited)

| Number of<br>shares/units        | Investments owned                                   |    | Average<br>cost    | Fair<br>value      | % of net<br>asset value |
|----------------------------------|-----------------------------------------------------|----|--------------------|--------------------|-------------------------|
| <b>Canadian fixed income</b>     |                                                     |    |                    |                    |                         |
| 2,000,000                        | Bank of Montreal 7.057%                             | \$ | 2,015,500          | \$ 2,102,840       | 0.37                    |
| 2,000,000                        | Bank of Montreal 7.325% 26NOV82                     |    | 1,969,500          | 2,086,940          | 0.36                    |
| 2,000,000                        | Bank of Montreal 7.373%                             |    | 1,979,000          | 2,093,200          | 0.37                    |
| 555,592                          | BCE Inc. Preferred Shares 5.08%                     |    | 10,228,449         | 11,889,669         | 2.08                    |
| 5,000                            | Brookfield Corp. Preferred Shares 4.437%            |    | 89,600             | 127,500            | 0.02                    |
| 2,200                            | Brookfield Corp. Preferred Shares 4.75%             |    | 54,620             | 55,814             | 0.01                    |
| 41,500                           | Brookfield Corp. Preferred Shares 4.80%             |    | 1,029,510          | 1,051,610          | 0.18                    |
| 4,500,000                        | Canadian Government Bond 3.25% 01DEC33              |    | 4,189,500          | 4,512,825          | 0.79                    |
| 4,000,000                        | Canadian Imperial Bank of Commerce 6.987% 28JUL84   |    | 4,007,194          | 4,218,800          | 0.74                    |
| 3,000,000                        | Canadian Imperial Bank of Commerce 7.337%           |    | 3,032,800          | 3,206,340          | 0.56                    |
| 2,000,000                        | Canadian Imperial Bank of Commerce 7.365%           |    | 2,078,200          | 2,083,080          | 0.36                    |
| 9,000                            | Enbridge Inc. Preferred Shares 4%                   |    | 141,560            | 211,230            | 0.04                    |
| 7,200                            | Enbridge Inc. Preferred Shares 4.376%               |    | 135,792            | 169,128            | 0.03                    |
| 2,700                            | Enbridge Inc. Preferred Shares 4.90%                |    | 62,754             | 69,444             | 0.01                    |
| 6,500                            | Enbridge Inc. Preferred Shares 5.202%               |    | 90,994             | 148,720            | 0.03                    |
| 1,321,500                        | Global X Active Preferred Share ETF                 |    | 12,106,016         | 14,166,480         | 2.47                    |
| 2,000,000                        | IGM Financial Inc. 3.44% 26JAN27                    |    | 1,937,100          | 2,004,620          | 0.35                    |
| 186,485                          | Intact Financial Corp. Preferred Shares 6.012%      |    | 4,768,421          | 4,770,286          | 0.83                    |
| 4,000,000                        | National Bank of Canada 7.50% 16NOV82               |    | 4,023,000          | 4,180,720          | 0.73                    |
| 2,600                            | National Bank of Canada Preferred Shares 5.818%     |    | 56,784             | 67,782             | 0.01                    |
| 2,500,000                        | Pembina Pipeline Corp. 4.24% 15JUN27                |    | 2,537,500          | 2,520,600          | 0.44                    |
| 1,000,000                        | Royal Bank of Canada 4.20%                          |    | 932,500            | 996,660            | 0.17                    |
| 1,000,000                        | Royal Bank of Canada 7.408%                         |    | 1,011,800          | 1,074,130          | 0.19                    |
| 5,000                            | TC Energy Corp. Preferred Shares 3.479%             |    | 69,473             | 109,700            | 0.02                    |
| 8,700                            | TC Energy Corp. Preferred Shares 5.985%             |    | 167,553            | 216,195            | 0.04                    |
| 1,300                            | TC Energy Corp. Preferred Shares 6.92%              |    | 16,455             | 27,105             | 0.00                    |
| 3,000,000                        | The Bank of Nova Scotia 7.023% 27JUL82              |    | 2,985,500          | 3,091,950          | 0.54                    |
| 1,000,000                        | The Toronto-Dominion Bank 5.75%                     |    | 978,000            | 1,018,450          | 0.18                    |
| 3,000,000                        | The Toronto-Dominion Bank 7.232%                    |    | 3,036,100          | 3,131,100          | 0.55                    |
| 1,000,000                        | The Toronto-Dominion Bank 7.283% 31OCT82            |    | 985,450            | 1,041,120          | 0.18                    |
| 5,000                            | The Toronto-Dominion Bank Preferred Shares 5.747%   |    | 115,850            | 130,050            | 0.02                    |
| 1,441,700                        | Vanguard US Aggregate Bond Index ETF Cad Hedged     |    | 31,069,829         | 30,592,874         | 5.34                    |
|                                  |                                                     |    | <u>97,902,304</u>  | <u>103,166,962</u> | <u>18.01</u>            |
| <b>Canadian investment funds</b> |                                                     |    |                    |                    |                         |
| 1,980,260                        | Canoe Unconstrained Bond Portfolio Class - Series F |    | 20,112,022         | 20,172,119         | 3.52                    |
| 2,147,368                        | Canso Corporate Value Fund                          |    | 27,390,844         | 27,416,733         | 4.79                    |
| 3,056,091                        | Dynamic Global Fixed Income Fund - Series F         |    | 30,225,516         | 29,643,467         | 5.18                    |
| 23,029,368                       | PIMCO Monthly Income Fund (Canada) Series N         |    | 311,551,446        | 288,617,863        | 50.41                   |
|                                  |                                                     |    | <u>389,279,828</u> | <u>365,850,182</u> | <u>63.90</u>            |

# BELLWETHER FIXED INCOME FUND

## Schedule of Investment Portfolio (Cont'd)

As at June 30, 2026 (Unaudited)

| Investments owned                                         | Average<br>cost       | Fair<br>value         | % of net<br>asset value |
|-----------------------------------------------------------|-----------------------|-----------------------|-------------------------|
| Total investments owned                                   | \$ 487,182,132        | \$ 469,017,144        | 81.91                   |
| Commissions and other portfolio transaction costs         | (26,469)              | —                     | —                       |
| Net investments owned                                     | <u>\$ 487,155,663</u> | 469,017,144           | 81.91                   |
| Other assets, net                                         |                       | <u>103,516,950</u>    | <u>18.09</u>            |
| Net Assets Attributable to Holders of<br>Redeemable Units |                       | <u>\$ 572,534,094</u> | <u>100.00</u>           |

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

### **For the six months period ended June 30, 2026 (Unaudited)**

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#### **1. Formation of the Fund**

The Bellwether Fixed Income Fund (the "Fund") is an open-ended mutual fund trust created under the laws of Ontario pursuant to a declaration of trust dated September 1, 2020 and commenced operations on November 27, 2020. The address of the Fund's registered office is 1295 Cornwall Road, Unit A3, Oakville, Ontario, L6J 7T5.

Bellwether Investment Management Inc. (the "Manager" or the "Trustee") is the manager and trustee of the Fund. The Manager is responsible for directing the affairs and managing the business of the Fund, including management of the Fund's investment portfolio, and for administering or arranging for the administration of the day-to-day operations of the Fund, including providing or arranging for the provision of investment advice, establishment of brokerage arrangements and bookkeeping and other administrative services for the Fund.

The investment objective of the Fund is to achieve maximum total investment return, consistent with preservation of capital and prudent investment management through stable income and long-term capital appreciation primarily through investments in debt obligations and other evidence of indebtedness of Canadian, US, and International issuers. The Fund's investments will be comprised of a diversified mix of fixed income and income-oriented instruments issued or guaranteed by governments or their subdivisions, agencies, government-sponsored enterprises, or corporations.

To achieve its investment objective, the Manager may allocate capital to invest in securities, strategies and funds (the "Portfolio") managed directly by itself and by certain third-party managers selected by the Manager (each an "Underlying Fund"). The Portfolio may be comprised of an actively managed selection of asset-backed securities, convertible securities, corporate bonds, debentures, delayed funding loans, derivatives, Government bonds, inflation indexed bonds, loan participations and assignments, notes or other evidences of indebtedness, obligations of International agencies or supranational entities, preferred shares, revolving credit facilities, repurchase agreements and reverse repurchase agreements, residuals, securities, structured notes, treasuries, bank certificates of deposit, fixed income deposits, and bankers acceptances.

Fidelity Clearing Canada ULC is the custodian of the Fund. SGGG Fund Services Inc. is the record keeper and valuation services agent of the Fund.

#### **2. Basis of Presentation**

These interim financial statements have been prepared in compliance with IFRS Accounting Standards and International Accounting Standard 34, Interim Financial Reporting (together "IFRS Accounting Standards") as published by the International Accounting Standards Board ("IASB"). The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board. These interim financial statements should be read in conjunction with annual financial statements for the year ended December 31, 2025 which have been prepared in accordance with IFRS Accounting Standards.

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") which are presented at fair value. The policies applied in these financial statements are based on IFRS Accounting Standards issued and outstanding as of August 26, 2026, which is the date on which the financial statements were authorized for issue by the Trustee.

#### **3. Summary of Material Accounting Policy Information**

The following summarizes the material accounting policy information of the Fund:

##### **Valuation of Investments**

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's offering memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or ask price to the net open position, as appropriate. Options are recorded at their fair value, which is determined by the last traded market price on the principal securities exchange on which option is listed or traded.

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

### **For the six months period ended June 30, 2026 (Unaudited)**

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The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives), if any, are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each Statement of Financial Position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in private companies and other assets, if any, for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

#### **Investment Entity**

The Fund has determined that it is an investment entity as defined by IFRS 10, Consolidated Financial Statements ("IFRS 10") and the amendments to IFRS 10, as the following conditions exist:

- (i) The Fund has obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) The Fund has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and
- (iii) The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

As an investment entity, the Fund is exempted from consolidating particular subsidiaries and instead is required to measure its investments in these particular subsidiaries at FVTPL.

#### **Classification**

The Fund classifies its investments in debt, equity securities and derivatives as financial assets and financial liabilities at FVTPL in accordance with IFRS 9, Financial Instruments ("IFRS 9").

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed, and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been classified as FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and financial liabilities are classified as subsequently measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

- (i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- (ii) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

#### **Cash**

Cash is comprised of cash on deposit with financial institutions, and bank overdrafts, and is carried at amortized cost which approximates fair value.

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

### **For the six months period ended June 30, 2026 (Unaudited)**

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#### **Financial Instruments**

The Fund's financial instruments include cash, contributions receivable, investments, dividends receivable, interest receivable, receivable for investments sold, accrued expenses and redemptions payable. Investments are classified at FVTPL and valued based on the policies described under the heading "Valuation of Investments". All other financial instruments are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. Financial Liabilities are carried at amortized cost, which closely approximates their fair values given their short-term nature. Please refer to Note 8 for a discussion of the management of financial risks.

#### **Recognition/Derecognition**

The Fund recognizes financial assets or financial liabilities designated as trading securities on the trade date – the date it commits to purchase or sell short the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized when, and only when, the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

#### **Offsetting Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

#### **Fair Value Measurement**

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Refer to Note 9 for fair value measurement analysis.

#### **Investment Transactions and Revenue Recognition**

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gain/loss on sale of investments and unrealized gain/loss in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero-coupon bonds.

The unrealized gain/loss on each investment held by the Fund at period end is determined by the fair value of that investment less the average cost of the investment.

Distributions from income trust holdings ("trusts") are recorded on the ex-distribution date and the components of the distributions are recorded as dividends, capital gains or a return of capital as appropriate and on the basis of the best information available to the Manager. Distributions from trusts that are a return of capital reduce the average cost of the trusts reported on the Schedule of Investment Portfolio.

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

### **For the six months period ended June 30, 2026 (Unaudited)**

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To the extent that a Fund incurs withholding taxes imposed by certain countries on investment income and capital gains generated in that country, the revenue from such income or gains is recorded net of withholding taxes in the Statement of Comprehensive Income.

#### **Foreign Currency Translation**

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 12:00pm Eastern Standard Time (the “noon rate”) on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

#### **Net Assets Attributable to Holders per Unit**

The net assets attributable to holders of redeemable units per unit are calculated by dividing the net assets attributable to holders of redeemable units of a particular series of units by the total number of units of that particular series outstanding at the end of the period.

#### **Increase in Net Assets Attributable to Holders per Unit**

Increase in net assets attributable to holders of redeemable units per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each series of units, divided by the weighted average number of units outstanding of that series during the period. Refer to Note 11 for the calculation.

#### **Taxation of the Fund**

The Fund qualifies as a unit trust and is subject to the applicable provisions of the Income Tax Act (Canada) (the “Tax Act”) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for the calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund will be minimized.

In any year in which the Fund realizes a net capital loss, caused when realized capital losses exceed realized capital gains, the Fund may carry forward that net capital loss balance to reduce net realized capital gains in subsequent years.

The Fund may be liable for alternative taxes, including Part XII.2 tax, on designated income earned by certain types of unitholders, as prescribed under the Tax Act. Any such tax liabilities are recorded as an expense in the period they are incurred.

As at December 31, 2025, the Fund had nil capital losses (2024 - \$nil) and nil non-capital losses (2024 - \$nil) to carry forward.

#### **Distributions**

The Fund may, on any valuation date, make payable to the unitholders in the Fund on the valuation date, all or part of the net income and/or net capital gains of the Fund for the portion of the taxation year ending on the valuation date to the extent not previously made payable on such valuation date (after giving effect to any admissions to and withdrawals from the Fund on such valuation date but before giving effect to the reinvestment of amounts payable on such valuation date).

All distributions on redeemable units of a series will be reinvested automatically in additional units of the same series, at the series net asset value per unit determined as of the date of distribution unless the unitholder otherwise directs in writing. The unitholder may, by written request, receive the distribution payment by cheque or electronic transfer. All distributions are made on a pro rata basis in accordance with the number of units held by unitholders on the record date determined for the purpose of the distribution. When redemptions occur during the calendar year, the unitholder may have taxable income and capital gains attributed to them up to the date of redemption.

# BELLWETHER FIXED INCOME FUND

## Notes to Financial Statements

For the six months period ended June 30, 2026 (Unaudited)

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### Future Accounting Standards

#### New standards, amendments and interpretations effective after January 1, 2026

i) *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026)*

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

The Fund has assessed the effect of the new amendments and determined that there is no impact on the Fund's financial statements.

#### New standards, amendments and interpretations effective after January 1, 2027 and that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2027, and have not been early adopted in preparing these financial statements.

ii) *IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)*

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Fund is currently still assessing the effect of the forthcoming standard and amendments.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

## 4. Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to use accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following discusses the most significant accounting judgements and estimates that the Fund has made in preparing the financial statements:

#### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL.

# BELLWETHER FIXED INCOME FUND

## Notes to Financial Statements

For the six months period ended June 30, 2026 (Unaudited)

### 5. Redeemable Units of the Fund

Unitholders' equity is considered to be the source of capital for the Fund. The Fund's objectives in managing capital are to safeguard the Fund's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives and to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

Since both the income and expenses of the Fund are reasonably predictable and since the Fund does not have any externally imposed capital requirements, the Trustee believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Trustee actively monitors the cash position and financial performance of the Fund to ensure there are resources to meet current distribution levels.

The Fund may issue an unlimited number of units, which may be divided into an unlimited number of series. The Fund currently offers Series A, Series F and Series O Units. Series A Units may be purchased through investment dealers. Series F Units may be purchased either from investment dealers or directly from the Manager. Series O Units may only be purchased directly from the Manager. Series O Units are available to institutional investors and other selected investors who enter into a managed account agreement with the Manager. The managed account agreement stipulates the management fee that will be paid by the investor directly to the Manager.

Redeemable units of each Fund are redeemable at the option of the unitholders in accordance with the provisions of the Offering Memorandum at their net asset value per unit and do not have any nominal or par value.

As at June 30, 2026, only units of Series O had been in issue. The changes in outstanding redeemable units during the periods ended June 30, 2026 and 2025 are summarized as follows:

|                      | Redeemable<br>Units, beginning<br>of period | Redeemable<br>Units Issued | Redemptions of<br>Redeemable<br>Units | Reinvestments<br>of Units | Redeemable<br>Units, end of<br>period |
|----------------------|---------------------------------------------|----------------------------|---------------------------------------|---------------------------|---------------------------------------|
| <b>June 30, 2026</b> | 57,909,982                                  | 5,169,277                  | (2,977,907)                           | 1,338,509                 | 61,439,861                            |
| <b>June 30, 2025</b> | 49,094,403                                  | 4,282,386                  | (1,963,035)                           | 1,612,359                 | 53,026,113                            |

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

**For the six months period ended June 30, 2026 (Unaudited)**

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### **6. Related Party Transactions**

The Fund considers its related parties to consist of key members and senior officers, including their close family members, and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Fund's activities.

*Bellwether Investment Management Inc.*

Bellwether Investment Management Inc. is the manager of the Fund. Both management fees and operating expenses are paid to the Manager by the Fund.

#### **Management Fees**

In consideration for the management and administrative services performed, the Manager receives from the Fund, a monthly management fee in respect of the Series A Units and the Series F Units. The assets of the Fund relating to the Series A Units are subject to a management fee equal to one-twelfth (1/12) of 1.50% of the average net asset value of the Fund relating to such series during each month, plus applicable taxes. The assets of the Fund relating to the Series F Units are subject to a management fee equal to one-twelfth (1/12) of 0.75% of the average net asset value of the Fund relating to such series during each month, plus applicable taxes. No management fees are charged to the Fund with respect to the Series O Units.

As at June 30, 2026, the total outstanding management fees payable to the Manager was \$nil (December 31, 2025 - \$nil). The total management fees expense for the period ended June 30, 2026 was \$nil (2025 - \$nil).

#### **Operating Expenses**

The Fund pays for all of its operating expenses. The principal components of the Fund's operating expenses include accounting, audit and legal fees, brokerage commissions, administration costs, trustee fees, interest and bank charges.

The Manager may from time to time pay for certain operating expenses of the Fund to maintain the Fund's management expense ratio at competitive levels. The operating expenses charged to the Bellwether Fixed Income Fund will be capped at 50 basis points per annum.

### **7. Brokerage Commissions and Other Transaction Costs**

The Fund paid \$716 (2025 - \$5,737) in brokerage commissions and other transaction costs for portfolio transactions for the period ended June 30, 2026.

In addition to covering brokerage services on security transactions, commissions paid to certain brokers may also cover goods and services provided to the Manager other than order execution (soft costs).

As of June 30, 2026 and 2025, the Fund did not have soft costs.

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

**For the six months period ended June 30, 2026 (Unaudited)**

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### **8. Risks Associated with Financial Instruments**

The investment objective of the Fund is to achieve maximum total investment return, consistent with preservation of capital and prudent investment management through stable income and long-term capital appreciation primarily through investments in debt obligations and other evidence of indebtedness of Canadian, US, and International issuers. The Fund's investments will be comprised of a diversified mix of fixed income and income-oriented instruments issued or guaranteed by governments or their subdivisions, agencies, government-sponsored enterprises, or corporations.

The Fund is exposed to various types of risks that are associated with their investment strategies, financial instruments and the markets in which they invest. These financial risks include market risk (which includes currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Manager of the Fund seeks to minimize these risks by employing experienced portfolio managers who manage the security portfolios of the Fund on a regular basis according to market events and the Fund's investment objectives. The Manager further moderates these risks through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment portfolio. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objective.

These risks and related risk management practices employed by the Fund are further discussed below:

#### **(i) Currency Risk**

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of a Fund will fluctuate due to changes in foreign exchange rates.

The Fund holds assets, including cash, short-term investments and equities, which are denominated in US Dollars. The Canadian Dollar is the functional currency of the Fund. The Fund is therefore exposed to currency risk because the value of the securities denominated in US Dollars fluctuates due to changes in the exchange rate between the Canadian and US Dollar.

At June 30, 2026 and December 31, 2025, the Fund did not have significant exposure to currency risk.

#### **(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial assets and liabilities are interest bearing thus interest rate risk arises that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is a minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short term market interest rates.

At June 30, 2026 and December 31, 2025, the Fund did not have significant exposure to interest rate risk.

# BELLWETHER FIXED INCOME FUND

## Notes to Financial Statements

For the six months period ended June 30, 2026 (Unaudited)

### (iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges as disclosed in the Fund's Offering Memorandum.

The Fund's other price risk is affected by changes in actual market prices. As at June 30, 2026 and December 31, 2025, if the FTSE TMX Universe Bond Index had increased or decreased by 5%, with all other variables held constant, then the approximate increase or decrease to net assets would have been as follows:

| Market Sensitivity Analysis  | June 30, 2026                                                                    |            | December 31, 2025                                                                |            |
|------------------------------|----------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------|------------|
|                              | Estimated Impact on<br>net assets attributable to<br>holders of redeemable units |            | Estimated Impact on<br>net assets attributable to<br>holders of redeemable units |            |
| Bellwether Fixed Income Fund | \$                                                                               | 16,415,600 | \$                                                                               | 15,817,971 |

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with a Fund. The fair value of a financial instrument takes into account the credit rating of its issuer.

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. Credit risk is considered minimal in the Fund because delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

At June 30, 2026 and December 31, 2025, the Fund held fixed income securities for which the credit rating breakdown is as follows:

| Debt instruments<br>by credit rating* | % of the net asset value |                   |
|---------------------------------------|--------------------------|-------------------|
|                                       | June 30, 2026            | December 31, 2025 |
| AAA                                   | 20.79                    | 24.00             |
| AA                                    | 38.66                    | 37.80             |
| A                                     | 6.14                     | 6.31              |
| BBB/BAA                               | 21.59                    | 20.05             |
| BB                                    | 6.94                     | 5.03              |
| B                                     | 2.08                     | 2.56              |
| Below B                               | 3.16                     | 3.52              |
| Not Rated                             | 0.64                     | 0.73              |

\*Excludes cash

# BELLWETHER FIXED INCOME FUND

## Notes to Financial Statements

For the six months period ended June 30, 2026 (Unaudited)

### (v) Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the Fund's ability to satisfy the weekly cash redemptions of units. Further liquidity risk arises from the fact that redeemable units are redeemable on demand at the unitholder's option. The Fund's investments are considered not readily realizable and less liquid. However, the Fund retains sufficient cash positions to maintain liquidity.

At June 30, 2026 and December 31, 2025, the Fund did not have significant exposure to liquidity risk.

## 9. Classification of Financial Instruments – Fair Value Measurements

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of June 30, 2026 and December 31, 2025:

|                 | Level 1        | Level 2        | Level 3 | Total          |
|-----------------|----------------|----------------|---------|----------------|
| <b>Assets</b>   |                |                |         |                |
| Fixed Income    | \$ 103,166,962 | \$ –           | \$ –    | \$ 103,166,962 |
| Investment Fund | –              | 365,850,182    | –       | 365,850,182    |
|                 | \$ 103,166,962 | \$ 365,850,182 | \$ –    | \$ 469,017,144 |

December 31, 2025:

|                 | Level 1        | Level 2        | Level 3 | Total          |
|-----------------|----------------|----------------|---------|----------------|
| <b>Assets</b>   |                |                |         |                |
| Fixed Income    | \$ 110,554,659 | \$ –           | \$ –    | \$ 110,554,659 |
| Investment Fund | 27,005,312     | 314,382,068    | –       | 341,387,380    |
|                 | \$ 137,559,971 | \$ 314,382,068 | \$ –    | \$ 451,942,039 |

During the six-months ended June period ended June 30, 2026, one investment fund was transferred from Level 1 to Level 2 as a result of the continuous evaluation of the appropriateness of the levels of fair value measurements in which measurements are categorized at each reporting date. As at June 30, 2026, the fair value of investment funds was \$27,416,733.

There were no transfers between levels during the year ended December 31, 2025.

# BELLWETHER FIXED INCOME FUND

## Notes to Financial Statements

For the six months period ended June 30, 2026 (Unaudited)

### 10. Involvement with Unconsolidated Structured Entities

The table below describes the types of structured entities that the Fund does not consolidate but in which they hold an interest.

| June 30, 2026     |                             |                                                                    |                       |                                                                      |
|-------------------|-----------------------------|--------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------|
| Strategy          | Number of<br>Investee Funds | Net Asset Value of<br>Investee Fund<br>(range and<br>weighted avg) | Investment fair value | % of net assets<br>attributable to<br>holders of<br>redeemable units |
| Diversified       | 4                           | \$ 46,453 million                                                  | \$ 365,850,182        | 64.20%                                                               |
|                   |                             |                                                                    | \$ 365,850,182        | 64.20%                                                               |
| December 31, 2025 |                             |                                                                    |                       |                                                                      |
| Strategy          | Number of<br>Investee Funds | Net Asset Value of<br>Investee Fund<br>(range and<br>weighted avg) | Investment fair value | % of net assets<br>attributable to<br>holders of<br>redeemable units |
| Diversified       | 3                           | \$ 40,893 million                                                  | \$ 341,387,380        | 62.52%                                                               |
|                   |                             |                                                                    | \$ 341,387,380        | 62.52%                                                               |

The investment objective of the Fund is to achieve maximum total investment return, consistent with preservation of capital and prudent investment management through stable income and long-term capital appreciation primarily through investments in debt obligations and other evidences of indebtedness of Canadian, US, and International issuers.

The Fund finances its operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the Fund's net assets.

The change in fair value of the investment in the Fund is included in the Statement of Comprehensive Income in net gains/losses on financial instruments and derivatives held at FVTPL.

### 11. Increase in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2026 and 2025 is calculated as follows:

|               | Increase in Net Assets<br>Attributable to Holders<br>of Redeemable Units per<br>Series | Weighted Average of<br>Redeemable Units<br>Outstanding During the<br>Period | Increase in Net Assets<br>Attributable to Holders<br>of Redeemable Units per<br>Unit |
|---------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| June 30, 2026 | \$ 5,946,821                                                                           | 58,944,736                                                                  | \$ 0.10                                                                              |
| June 30, 2025 | \$ 14,883,121                                                                          | 50,253,307                                                                  | 0.30                                                                                 |

# **BELLWETHER FIXED INCOME FUND**

## **Notes to Financial Statements**

**For the six months period ended June 30, 2026 (Unaudited)**

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### **12. Filing Exemption**

The Fund has advised the Ontario Securities Commission that the Fund is relying on the exemption from the filing requirements pursuant to Section 2.11 of National Instrument 81-106.

### **13. Contributions Receivable and Redemptions Payable**

Contributions receivable and redemptions payable consist of units purchased/redeemed during the period for which cash has not been received/paid at period end.